

2006

## Montana Individual Income Tax Return (Short Form)

Form 2M

Calendar year income tax return for a Montana resident filing as single, jointly, or head of household.

Montana

Amended Return <input type="checkbox"/>	Your first name and initial <b>0070.1</b> <b>0070.2</b>	Last name <b>0060.1</b> <b>0060.2</b>	Deceased <input type="checkbox"/> <b>0305.63</b>	Your social security number <b>0003</b>
Check the box above if this is an amended return. <input type="checkbox"/>	Spouse's first name and initial <b>0070.3</b> <b>0070.4</b>	Last name <b>0065.1</b> <b>0065.2</b>	Deceased <input type="checkbox"/> <b>0305.66</b>	Spouse's social security number <b>0055</b>
	Home address (number and street) <b>0075</b> <b>0080</b>		City <b>0085</b>	State <b>0095</b> Zip+4 <b>0100</b>
Filing Status (check only one box) <b>1</b> <input type="checkbox"/> Single <b>2</b> <input type="checkbox"/> Married filing jointly <b>3</b> <input type="checkbox"/> Head of Household				
<b>4</b> <input checked="" type="checkbox"/> <b>0305.13</b> Resident full year (To be used only by full year Montana residents)				

## Exemptions

5a	<input checked="" type="checkbox"/> Yourself... <b>0305.30</b>	65 or older <b>0305.33</b>	Blind... <b>0305.36</b>	Enter number checked	<b>0305.39</b>	5a	
	<input type="checkbox"/> Spouse... <b>0305.42</b>	65 or older <b>0305.45</b>	Blind... <b>0305.48</b>	Enter number checked	<b>0305.51</b>	5b	
	Dependent's first name	Last name	SSN	Relationship	Disabled		
	<b>0305.69</b>	<b>0310.16</b>	<b>0315.22</b>	<b>0325.04</b>	<b>0325.34</b>		
	<b>0305.72</b>	<b>0310.19</b>	<b>0320.01</b>	<b>0325.07</b>	<b>0325.37</b>		
5c	<b>0305.75</b>	<b>0310.22</b>	<b>0320.04</b>	<b>0325.10</b>	<b>0325.40</b>	<b>0305.54</b>	
5d	If additional dependents, see instructions. Add lines 5a thru 5c and enter total exemptions here.....					<b>0305.57</b>	5d

Enter amounts corresponding to your federal return.		Round to nearest dollar. If no entry, leave blank.		
Federal Adjusted Gross Income	6 Wages, salaries, tips, etc. Attach federal Form(s) W-2.....	<b>0350</b>	6	
	7a Taxable interest. Attach federal Schedule B or 1 if required.....	<b>0355</b>	7a	
	b Tax-exempt interest. Do not include on line 7a.....	<b>0360</b>	7b	
	8a Ordinary dividends. Attach federal Schedule B or 1 if required.....	<b>0365</b>	8a	
	b Qualified dividends.....	<b>0370</b>	8b	
	9 Capital gain or (loss). Attach federal Schedule D if required.....	<b>0375</b>	9	
	10a IRA distributions.....	<b>0380</b>	10a	
	Taxable amount.....	<b>0385</b>	10b	
	11a Pensions and annuities.....	<b>0390</b>	11a	
	Taxable amount.....	<b>0395</b>	11b	
	12 Unemployment compensation.....	<b>0400</b>	12	
	13a Social security benefits.....	<b>0405</b>	13a	
	Taxable amount.....	<b>0410</b>	13b	
	14 Add and enter amounts in the far right columns lines 6 thru 13b. <b>This is your total income</b> .....	<b>0415</b>	14	
Federal Adjusted Gross Income	15 Penalty on early withdrawal of savings.....	<b>0420</b>	15	
	16 IRA deduction.....	<b>0425</b>	16	
	17 Student loan interest deduction.....	<b>0430</b>	17	
	18 Jury duty pay you gave your employer.....	<b>0435</b>	18	
	19 Add lines 15 through 18 and enter the result here. <b>This is your total adjustments to income</b> .....	<b>0440</b>	19	
	20 Subtract line 19 from line 14 and enter the result here. <b>This is your federal adjusted gross income</b> .....	<b>0445</b>	20	
	Montana Adjusted Gross Income	21 Interest and municipal fund dividends state, county, or municipal bonds from other states.....	<b>0450</b>	21
		22 Taxable federal refund.....	<b>0455</b>	22
		23 Addition to federal taxable social security/railroad retirement.....	<b>0460</b>	23
		24 Medical care savings account nonqualified withdrawal.....	<b>0465</b>	24
		25 Add lines 21 through 24 and enter the result here. <b>This is your Montana additions to federal adjusted gross income</b> .....	<b>0470</b>	25
26 Exempt interest and dividends from federal bonds, notes, and obligations.....		<b>0475</b>	26	
27 Exempt unemployment compensation.....		<b>0480</b>	27	
28 Partial pension and annuity income exemption.....		<b>0485</b>	28	
29 Partial interest exemption for taxpayers 65 and older.....		<b>0490</b>	29	
30 Exemption for certain taxed tips and gratuities.....		<b>0495</b>	30	
31 Exempt medical care savings account deposits and earnings.....	<b>0500</b>	31		
32 Subtraction for federal taxable social security/Tier I Railroad Retirement.	<b>0505</b>	32		
33 Subtraction for federal taxable Tier II Railroad Retirement.	<b>0510</b>	33		
34 Add lines 26 through 33 and enter the result here. <b>This is your Montana subtractions from federal adjusted gross income</b>	<b>0515</b>	34		
35 Add lines 20 and 25, then subtract line 34. <b>This is your Montana adjusted gross income.</b>	<b>0520</b>	35		

<b>Taxable Income</b>	36 Montana adjusted gross income from line 35.....		0525	36		
	<b>Deductions</b>					
	37 (A) Standard Deduction: (A) 0305.16 <input type="checkbox"/>		0530	37		
	(B) Itemized Deductions (Form 2M, Schedule I, line 30): (B) 0305.19 <input type="checkbox"/>					
	38 Subtract line 37 from line 36 and enter amount here.....		0535	38		
<b>Tax</b>	<b>Exemptions</b> (all individuals are entitled to at least one exemption)					
	39 Multiply \$1,980 by the number of exemptions on line 5d and enter result here.....		0540	39		
	40 Subtract line 39 from line 38 and enter the result here. If zero or less, enter zero. <b>This is your taxable income.</b> .....		0545	40		
	41 Tax from the tax table below. If line 40 is zero, enter zero.....		0550	41		
	42 1% capital gains tax credit.....		0555	42		
	43 Subtract line 42 from line 41 and enter the result here. If zero or less, enter zero. <b>This is your resident tax after capital gains tax credit.</b> .....		0560	43		
<b>Credits</b>	44 Nonrefundable single-year credits from Form 2M, Schedule II, line 5.....		0565	44		
	45 Nonrefundable carryover credit from Form 2M, Schedule II line 6.....		0570	45		
	46 Add lines 44 and 45 and enter the result here. <b>This is your total nonrefundable credits.</b> .....		0575	46		
	47 Subtract line 46 from line 43 and enter the result here. If zero or less, enter zero. <b>This is your total tax after nonrefundable credits.</b> .....		0580	47		
<b>Payments and Offsets</b>	48 Montana income tax withheld. Attach federal Form(s) W-2 and 1099.....		0585	48		
	49 2006 estimated tax payments and amounts applied from your 2005 return.....		0590	49		
	50 2006 extension payment from Form EXT-06.....		0595	50		
	51 Elderly Homeowner/Renter Credit from Form 2M, Schedule II, line 7.....		0600	51		
	52 Add lines 48 through 51 and enter the result here. <b>This is your total payments/offsets.</b> .....		0605	52		
<b>Penalty, Interest, Contributions</b>	53 Interest on underpayment of estimated taxes. (See instructions on page ??).....		0610	53		
	54 Late file, late pay penalties and interest. (See instructions on page ??).....		0615	54		
	55 Medical Care Savings Account 10% penalty.....		0620	55		
	56 Enter in boxes 56a through 56d your Voluntary Check-off Contributions		0645	56		
	Nongame wildlife program	Child abuse prevention			Agriculture in schools	End-stage renal disease
	56a) 0625	56b) 0630			56c) 0635	56d) 0640
	57 Add lines 47, 53, 54, 55 and 56 and enter the result here. <b>This is the sum of your total tax, penalties, interest and contributions.</b> .....		0650	57		
<b>Amount You Owe or Your Refund</b>	58 If line 57 is more than line 52, enter the difference here. <b>This is the amount you owe.</b> Make check payable to MONTANA DEPARTMENT OF REVENUE or visit our website at <a href="http://www.mt.gov/revenue">www.mt.gov/revenue</a> to pay by credit card or E-check.....		0655	58		
	59 If line 57 is less than line 52, enter the difference here.....		0660	59		
	60 Enter the amount of line 59 you want applied to your 2007 estimated taxes.....		0665	60		
	61 Subtract lines 60 from line 59 and enter the result here. <b>This is your refund.</b> ..... If you wish to use direct deposit enter your RTN# and ACCT # below. See instructions. 0040 <input type="checkbox"/> checking savings		0670	61		

If applicable, check appropriate box.		Name, address and telephone number of paid preparer.		<input type="checkbox"/> Extension – Check this box and attach a copy of your federal Form 4868 to receive your Montana extension.
Annualized estimated payments	0305.27	0052.2 0052.3	0052.5 0305.83	
Do not mail 2007 forms	0305.21	0052.4		
SSN, FEIN or PTIN: 0300.05		0305.24		
May the DOR discuss this return with your tax preparer? Yes <input type="checkbox"/> No <input type="checkbox"/> 0305.60				

<b>X</b>	<b>0115</b>	<b>X</b>	
Your signature is required	Date	Daytime telephone number	Spouse's signature
Date			
I declare under penalty of false swearing that the information in this return and attachments is true, correct and complete.			

If Taxable Income is Over	But not Over	Multiply by	and Subtract = tax	If Taxable Income is Over	But not Over	Multiply by	and Subtract = tax
\$ 0	\$ 2,400	1%	\$ 0	\$ 8,800	\$ 11,300	5%	\$ 220
\$ 2,400	\$ 4,300	2%	\$ 24	\$ 11,300	\$ 14,500	6%	\$ 333
\$ 4,300	\$ 6,500	3%	\$ 67	\$ 14,500		6.9%	\$ 464
\$ 6,500	\$ 8,800	4%	\$ 132				

**Schedule I: Montana Itemized Deductions**

Enter on the corresponding line your itemized deductions.

File Schedule I with your Montana Form 2M.

Medical and Dental Expenses	1	Medical and dental expenses.....	0675	1		
	2	Enter amount from Form 2M, line 35.....	0680	2		
	3	Multiply line 2 by .075 (7.5%).....	0685	3		
	4	Subtract line 3 from line 1 and enter result here but not less than zero, <b>This is your deductible medical and dental expense subject to 7.5% of Montana AGI</b> .....			0690	4
	5	Medical insurance premiums not deducted elsewhere on your return.....			0695	5
	6	Long term care insurance premiums not deducted elsewhere on your return.....			0700	6
Taxes You Paid	Complete lines 7a through 7d reporting your total federal income tax payments made in 2006 before completing line 7e..					
	7a	Federal income tax withheld in 2006.....	0705	7a		
	7b	Federal estimated tax payments paid in 2006.....	0710	7b		
	7c	2005 federal income taxes paid in 2006.....	0715	7c		
	7d	Other back year federal income taxes paid in 2006.....	0720	7d		
	7e	Add lines 7a through 7d and enter result here, but not more than \$5,000 if you are filing single, or head of household, or \$10,000 if filing a joint return with your spouse. <b>This is your federal income tax deduction</b> .....			0725	7e
	8	Real estate taxes paid in 2006.....			0730	8
	9	Personal property taxes paid in 2006.....			0735	9
	10	Other deductible taxes. List type and amount: 0325.64			0740	10
	Interest You Paid	11	Home mortgage interest and points reported to you on federal Form 1098.....			0745
12		Home mortgage interest not reported to you on federal Form 1098. If paid to the person from whom you bought the house, provide name, SSN, and address. 0330.01			0750	12
13		Points not reported to you on federal Form 1098.....			0755	13
14		Investment interest. Attach federal Form 4952.....			0760	14
Gifts	15	Contributions made by cash or check during 2006.....			0765	15
	16	Contributions made other than by cash or check.....			0770	16
	17	Contribution carryover from the prior year.....			0775	17
	18	Child and dependent care expenses. Attach Montana Form 2441M.....			0780	18
	19	Casualty and theft loss(es). Attach federal Form 4684.....			0785	19
Job Expenses and Certain Miscellaneous Deductions	20	Unreimbursed employee business expenses. Attach federal Form 2106 or 2106EZ.....	0790	20		
	21	Other expenses. List type and amount: 0330.04	0795	21		
	22	Add lines 20 and 21 and enter the result here.....	0800	22		
	23	Enter the amount on Form 2M, line 35 here.....	0805	23		
	24	Multiply line 23 by .02 (2%) and enter the result here.....	0810	24		
	25	Subtract line 24 from line 22 and enter the result here, but not less than zero.....			0815	25
	26	Political contributions (limited to \$100 per taxpayer).....			0820	26
27	Other miscellaneous deductions not subject to 2% of Montana AGI. List type and amount: 0330.07			0825	27	
Total Itemized Deductions	28	Add lines 4 through 6; 7e through 19; and 25 through 27 and enter the result here..... If the amount on Form 2M, line 36 is more than \$150,000 your deductions may be limited. Complete the itemized deduction Worksheet VI, found on page ?? of the Form 2M instruction booklet and then continue to line 29; otherwise, go to line 30 below.			0830	28
	29	Enter the amount from the itemized deduction Worksheet VI, line 9. <b>This is the amount of your non-allowed itemized deductions</b> ..... Subtract line 29 from line 28 and enter the result here and on Form 2M, line 36.			0835	29
	30	<b>These are your allowable itemized deductions</b> .....			0840	30

**Schedule II: Montana Tax Credits**  
**Enter on the corresponding line your Montana tax credits.**  
**File Schedule II with your Montana Form 2M.**

<b>Nonrefundable Single-year Credits</b>	Nonrefundable credits that are single-year credits and <b>HAVE NO</b> carryover provision.			
	1	College contribution credit. Attach Form CC.....	<b>0850</b>	1
	2	Energy conservation installation credit. Attach Form ENRG-C.....	<b>0855</b>	2
	3	Elderly care credit. Attach Form ECC.....	<b>0860</b>	3
	4	Developmental disability account contribution credit.....	<b>0865</b>	4
	5	Add lines 1 through 4 and enter the result here and on Form 2M, line 44. <b>These are your total nonrefundable single-year credits.</b> .....	<b>0870</b>	5
<b>Nonrefundable Carryover Credits</b>	Nonrefundable credits that <b>HAVE</b> a carryover provision that allows you to carry forward the unused portion of your credit to future tax years.			
	6	Alternative energy systems credit. Attach Form ENRG-B. Attach Form ENRG-B and enter the amount on Form 2M, line 45. <b>This is your total nonrefundable carryover credit.</b> .....	<b>0875</b>	6
<b>Refundable Credit</b>	Refundable credit that is applied against your income tax liability with any remaining balance refunded to you.			
	7	Elderly homeowner/renter credit. Attach Form 2EC and enter the amount on Form 2M, line 51. <b>This is your elderly homeowner/renter credit.</b> .....	<b>0880</b>	7

We have listed 6 credits that can be used when filing Montana Form 2M however the Montana legislature has authorized 27 different income tax credits. See Montana Form 2, Schedule V for a list and description of these 27 tax credits that are available. If you are eligible for any of the other credits not listed above, you will have to file Montana Form 2 instead of Form 2M.

### Montana Tax Credits

There are three categories of credits available to you on your Montana individual income tax return. With the exception of the capital gains tax credit, which is required to be applied before any other credit, (refer to the instructions for Form 2M, line 42) you are not required to apply any of these 6 tax credits against your income tax liability in any particular order.

- **Nonrefundable single-year credits.** Your nonrefundable single-year credits can only be used to offset your 2006 resident tax

after capital gains credit and cannot reduce your tax liability below zero. The unused portion of your nonrefundable single-year credits that exceeded your 2006 income tax liability are lost and are unable to be used in future years.

- **Nonrefundable carryover credit.** Your nonrefundable carryover credit can be used to offset your 2006 resident tax after capital gains credit and cannot reduce your tax liability below zero. Your excess nonrefundable credit that is not applied against your 2006 income tax liability can be carried over and used to offset future year tax liabilities.
- **Refundable credits.** Your refundable elderly homeowner/renter credit is applied against your income tax liability with any unused credit refunded to you.